



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

September 28, 1998

Fast Track Defeated. By a vote of 243-180, the U.S. House of Representatives defeated the "fast track" trade bill late last week. The legislation would have given President Clinton complete authority to negotiate trade agreements, allowing Congress the ability to vote for or against trade agreements but not to amend them. Every U.S. President has had the opportunity to negotiate agreements using fast track, since it was granted to Gerald Ford in 1974. Proponents of the legislation include farm groups such as the National Corn Growers Association (NCGA), Farmland Industries and others comprising the Ag for Fast Track Coalition. Their view is that fast track would allow U.S. agriculture the opportunity to increase trade volumes during an unusually dismal export market for U.S. grains. Ryland Utlaug, NCGA President, stated that a primary reason for low prices and large stocks is that "many U.S. trading partners have negotiated favorable agreements with our competitors." The concern is that other countries would hesitate to negotiate with the U.S. because of the possibility that Congress would alter any trade agreements. Opponents, such as the AFL-CIO and environmental groups, on the other hand, claim that fast track would cause the U.S. to compete with developing countries, jeopardizing U.S. jobs, while harming the world's environment. Rep. Dennis J. Kucinich (D-Ohio) states, "There is nothing for Americans in fast track except closed plants, lost jobs, lower wages, and trade deficit growth." U.S. farm groups have vowed to continue to push for fast track approval despite the defeat. (*Knight-Ridder, AP, Reuters*)

U.S. Farm Aid. A \$4.1 billion emergency aid proposal for U.S. farmers was approved by negotiators from both the House and Senate early this week. The plan, intended to help farmers during their economic crisis, divides aid between disaster relief and bonus payments and is included in the \$61.3 billion agriculture appropriations bill for fiscal year 1999. That bill will be presented to Congress for approval. Meanwhile, telephone calls to a Nebraska hotline for distressed farmers and ranchers have increased, indicating an emerging farm crisis, according to a counselor. The hotline assists callers with legal advice, financial evaluations, mediation, and counseling. (*Reuters, AP*)

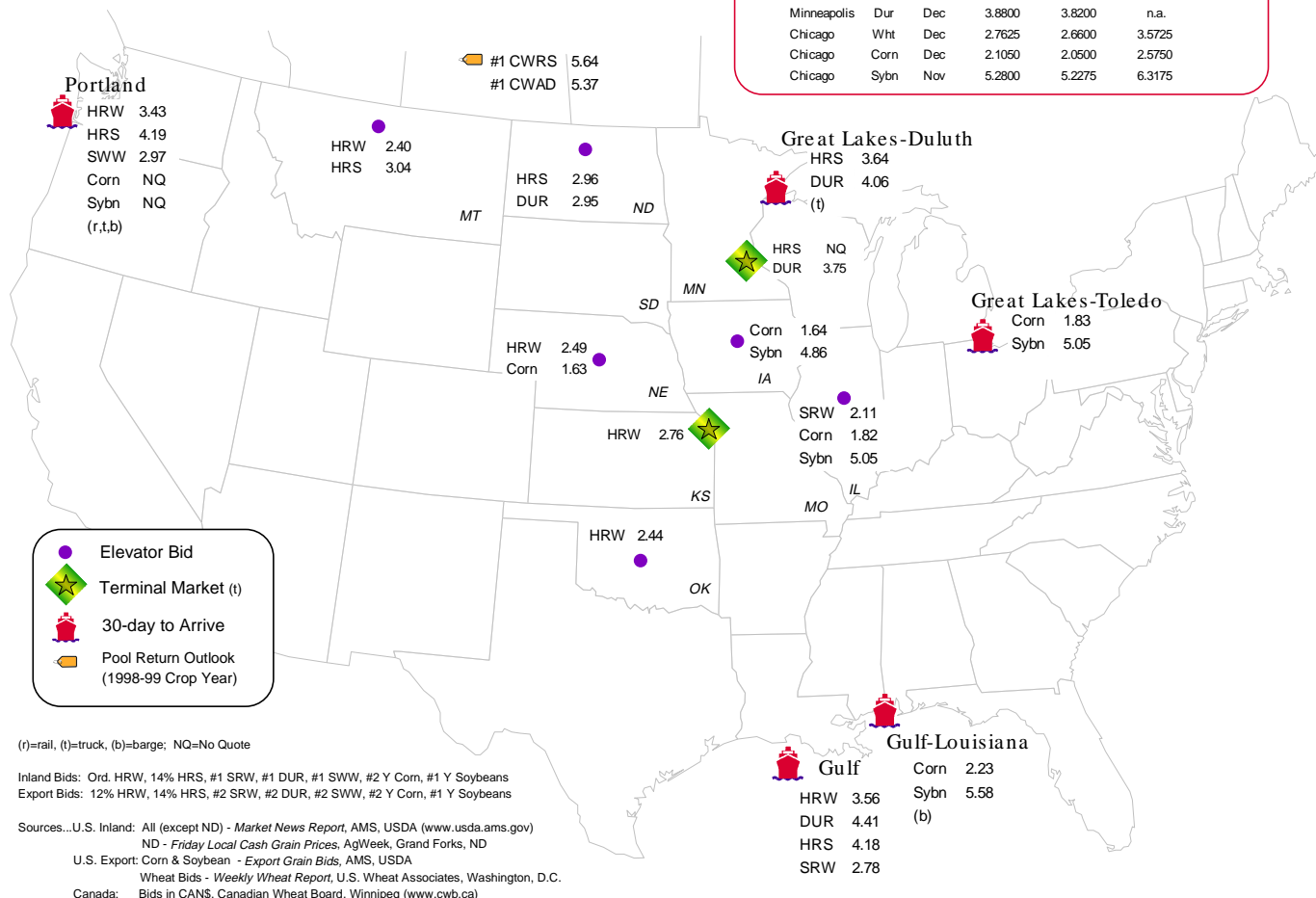
UP Still Under Scrutiny. According to a recent filing before the Surface Transportation Board (STB), the Department of Transportation (DOT) has recommended divestiture of the Union Pacific Railroad (UP) if the UP cannot restore service to reflect that of premerger levels. The July 1996 merger of the UP and Southern Pacific Railroad (SP) formed the largest railroad in U.S. history. Since the merger, however, the railroad has been faced with widely publicized system backlogs and the shifting of traffic to competing railroads. It should be noted, however, that in its latest report to the STB, UP's service was at its highest level in over a year. (*Traffic World, USDA*)

Soybean Exports To China On The Rise. On September 24, 1998, traders reported that China was on a "buying spree" for soybeans, purchasing between 500,000 and 800,000 tonnes of mostly U.S. beans during the past month for delivery through December. The unusually heavy buying was said to have been stimulated by rising domestic prices for soybeans and soybean oil and fears of shortage. Because of flooding in northeastern China, crushing mill operators feared an even bigger shortfall than normal between the soybean crops and domestic needs. Domestic soybeans prices are high, at about 2,000 yuan (\$301) per tonne, while domestic soybean oil prices have risen to 8,200 yuan (\$988) per tonne, an increase of about 10 percent since the beginning of August. The price for U.S. soybeans was quoted at \$221 to \$222 per tonne in China. In November, the price of high-protein soybean meal from India was \$160 per tonne, while U.S. soybean meal was \$166 per tonne and South American low-protein soybean meal was \$163 per tonne. (*Reuters*)

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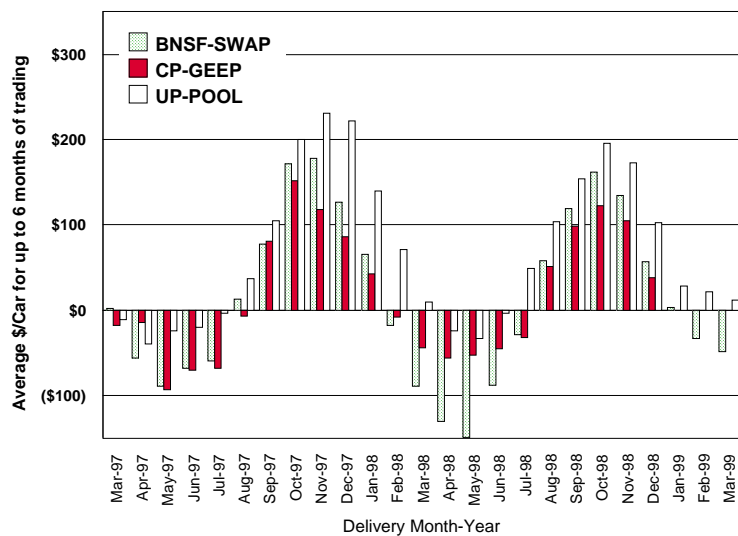
Grain Bid Summary



Futures:

			09/25/98	Week Ago 09/18/98	Year Ago 09/26/97
Kansas City	Wht	Dec	3.0900	2.9225	3.7025
Minneapolis	Wht	Dec	3.4875	3.3250	3.9075
Minneapolis	Dur	Dec	3.8800	3.8200	n.a.
Chicago	Wht	Dec	2.7625	2.6600	3.5725
Chicago	Corn	Dec	2.1050	2.0500	2.5750
Chicago	Sybn	Nov	5.2800	5.2275	6.3175

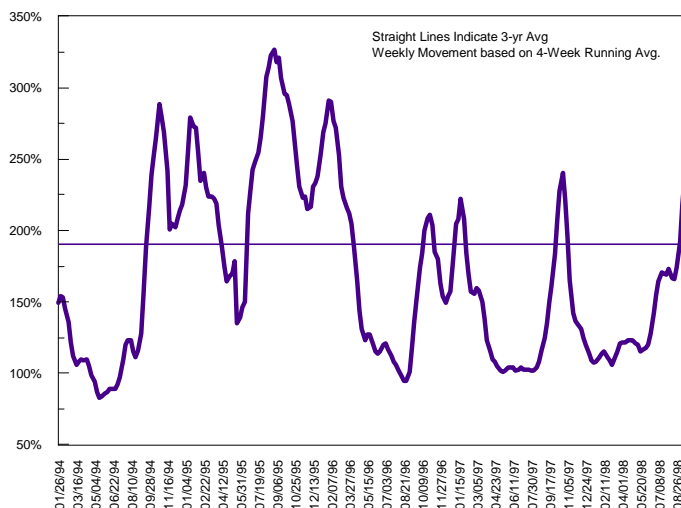
Secondary Rail Market Bids



See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Rail Car 'Auction' Offerings				
Delivery for:	Nov-98		Feb-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	5,205	100%	5,303	32%
UP-GCAS	5,000	47%	no offer	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Oct-98	Nov-98	Dec-98	Jan-99
BNSF-COT	\$120	\$33	\$(14)	\$(28)
CP-GEEP	\$(2)	\$(5)	\$(5)	\$(6)
UP-Pool	\$179	\$52	\$14	\$6

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Nov-98	Jan-99	Feb-99
COT/N. Grain	no offer	no offer	no offer
COT/S. Grain	no offer	no offer	no offer
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	\$3	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

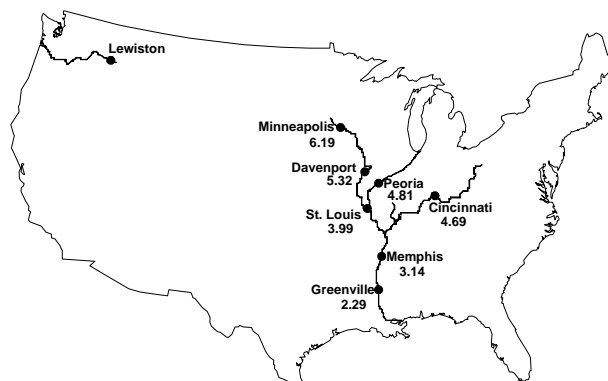
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
9/25/98	Illinois River	nwk	255
	Lower Ohio River	nwk	255
	St. Louis	Oct.	255

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

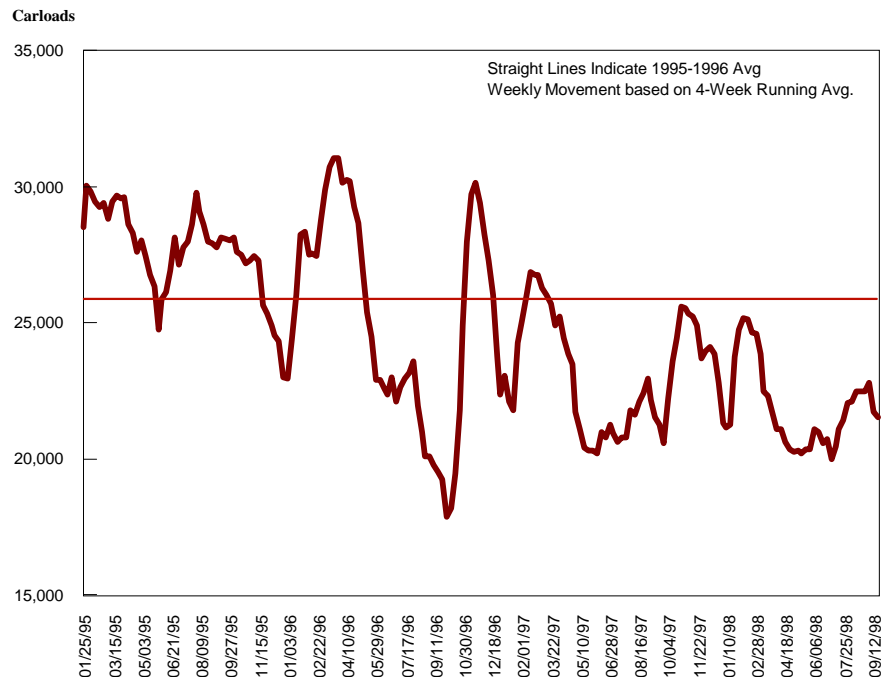
twk=this week
nwk=next week**Southbound Barge Freight Spot Rates**

	9/23/98	9/16/98	Oct. '98	Dec. '98
Twin Cities	269	253	288	nq
Mid-Mississippi	273	253	284	nq
Illinois River	253	241	271	167
St. Louis-Cairo	261	250	260	125
Lower Ohio	278	283	277	142
Cairo-Memphis	261	249	262	122

Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
9/5/98	23,126
9/12/98	19,609
9/19/98	21,702
Year to Date - 1998	812,687
Year to Date - 1997	846,389
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

			<u>East</u>		<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
09/19/98	506	2,258	989	2,745	8,311	755	6,138	2,216	4,348
This Week Last Year	518	1,060	1,215	1,409	9,221	507	6,427	3,237	5,892
1998 YTD	25,802	83,728	54,945	90,580	297,324	23,854	236,454	82,359	151,557
1997 YTD	17,884	78,078	55,420	84,151	296,245	24,003	285,186	121,994	190,210
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

September 1998

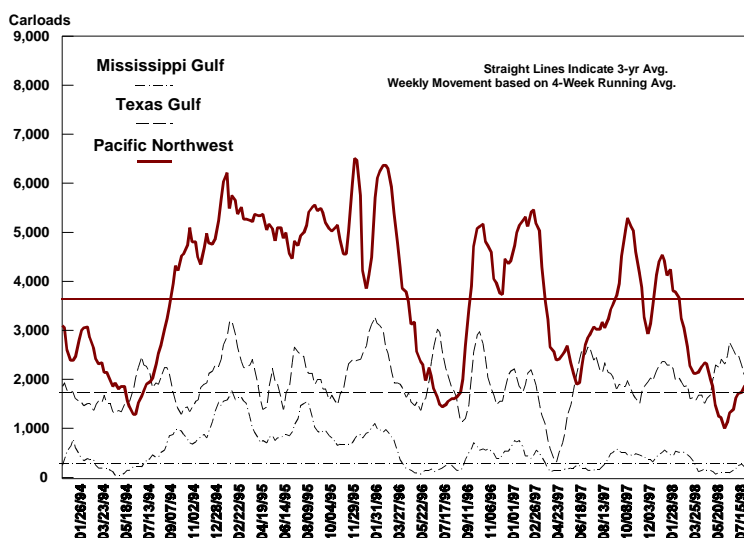
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,350	\$12.25	\$0.41
05/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
05/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
05/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,450	\$11.57	\$0.41
05/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
05/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

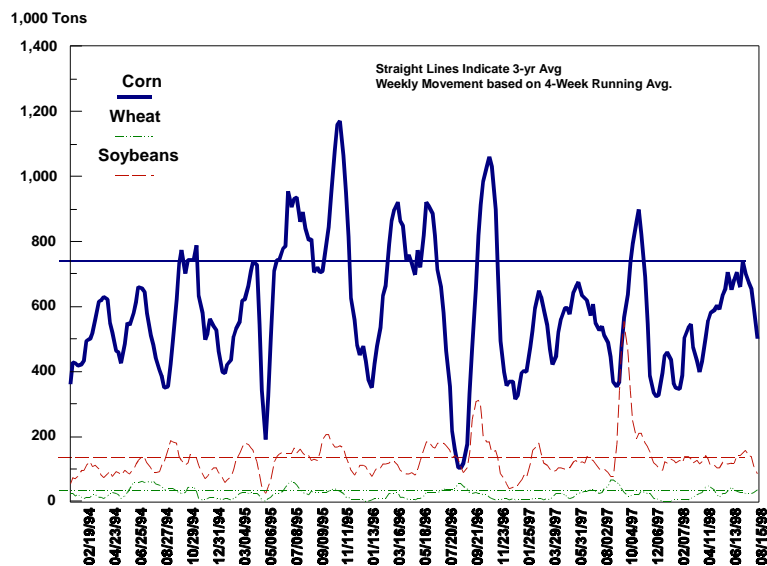
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
09/02/98	171	1,968	1,744	1
09/09/98	60	1,521	2,161	22
09/16/98	374	1,521	2,053	66
YTD 1998	11,233	76,856	94,410	6,766
YTD 1997	12,897	64,681	133,548	4,392
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation & Marketing/AMS/USDA				

Rail Deliveries to Port



Barge Movements - Locks 27



Barge Grain Movements

for week ending 09/19/98

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	209	8	5	125
Winfield, MO (L25)	215	46	17	277
Alton, IL (L26)	352	41	58	451
Granite City, IL (L27)	340	45	62	448
Illinois River (L8)	55	2	11	68
Ohio (L52)	37	31	22	104
Arkansas (L1)	1	28	6	37
1998 YTD	20,746	1,971	5,462	30,324
1997 YTD	20,671	1,943	4,964	29,892
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
09/17/98	1,681	405	1,142	1,394	270	4,892	7,835	6,279	19,006
This Week Year Ago	2,105	757	1,081	807	398	5,147	7,750	8,531	21,428
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	3,641	635	1,922	1,449	249	7,896	1,630	289	9,815
97/98 YTD	3,249	2,189	2,027	1,607	382	9,454	2,097	543	12,094
96/97 Total	2,595	1,643	1,432	1,240	361	7,271	43,991	24,273	75,535
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
09/24/98	279	0	0	104	734	89	122	0	0
1998 YTD **	7,076	3,383	418	3,858	21,402	8,996	5,244	259	624
1997 YTD **	8,252	7,814	939	4,480	21,350	10,646	3,647	965	428
% of Last Year	86%	43%	44%	86%	100%	85%	144%	27%	146%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

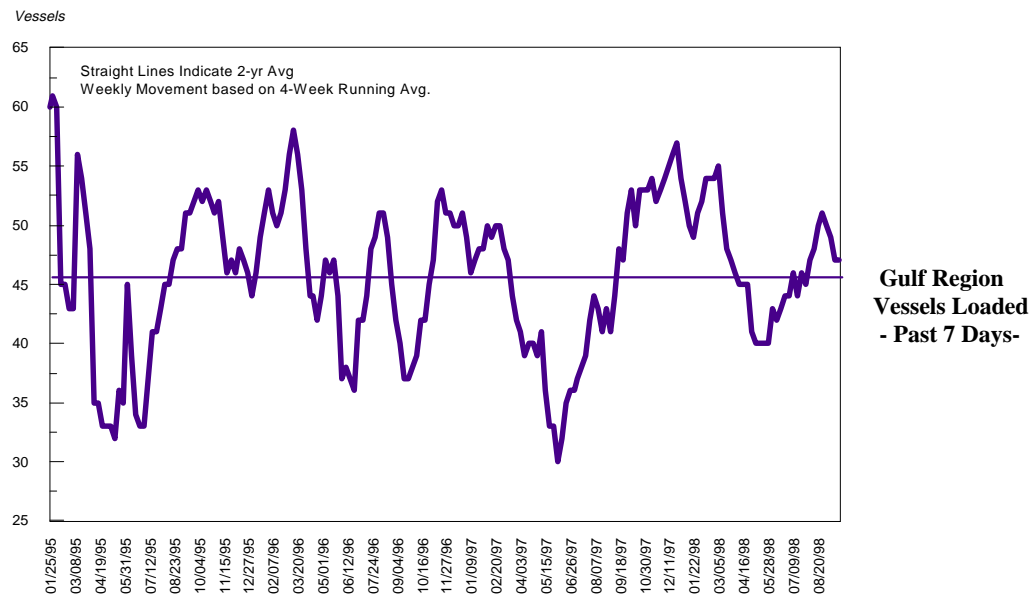
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

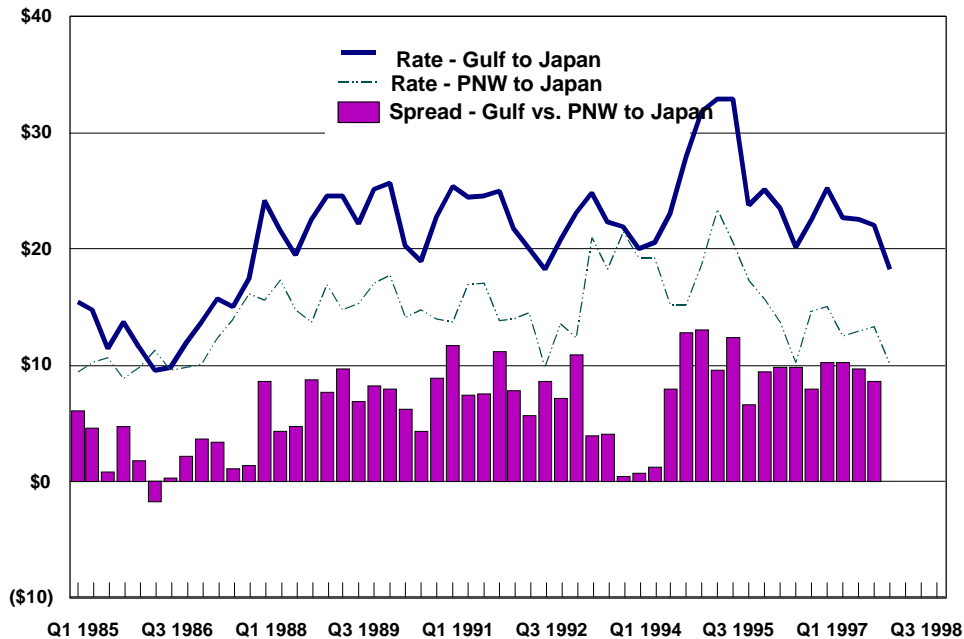
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 09/24/98			
Vancouver	807	86	15
Prince Rupert	53	0	0
Prairie Direct	57	17	24
Thunder Bay	146	53	16
St. Lawrence	72	180	0
1998 YTD Exports	1,390	337	54
1997 YTD Exports	2,821	583	361
% of Last Year	49%	58%	15%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
09/17/98	49	42	59	12			8	11	4
09/24/98	45	51	64	10			5	14	5
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 1 st Qtr	1997 1 st Qtr	% Change		1998 1 st Qtr	1997 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$18.24	\$25.29	-28%	Japan	\$10.08	\$15.08	-33%
Mexico	\$12.15	\$17.99	-32%	Red Sea/ Arabian Sea		\$20.17	
Venezuela	\$11.13	\$16.73	-33%				
N. Europe	\$9.85	\$12.60	-22%	Argentina to			
N. Africa	\$14.65	\$18.84	-22%	N. Europe	\$12.32	\$17.98	-31%
				Japan	\$20.93	\$33.64	-38%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Lisbon	Grains	Prompt	32,000	\$9.00
Gulf	Spain	Heavy Grain	September	55,000	\$7.50
Gulf	Ireland	Grains	Spot/Prompt	25,000-20,000	\$11.50-13.25
Gulf	Japan	Heavy Grain	October	36,000-54,000	\$12.60-12.85
Gulf	Egypt	Heavy Grain	October	55,000	\$8.60
Gulf	China	Heavy Grain	Sept./Oct.	52,000-55,000	\$12.25-13.00
Gulf	Bangladesh	Wheat/Heavy Grain	Prompt	20,000-25,000	\$22.00-26.50
Denmark	China	Heavy Grain	September	55,000	\$12.75
River Plate (Argentina)	Lisbon/Hamburg	Grains	October	20,000	\$15.50

Source: Maritime Research Inc.